SECRET
Controlled Dissem

NATIONAL INTELLIGENCE ESTIMATE

CIA HISTORICAL REVIEW PROGRAM
RELEASE IN FULL

The USSR and the Changing Scene in Europe

SECRET
NIE 12-72
26 October 1972

No. 275

THIS ESTIMATE IS SUBMITTED BY THE DIRECTOR OF CENTRAL INTELLIGENCE AND CONCURRED IN BY THE UNITED STATES INTELLIGENCE BOARD.

The following intelligence organizations participated in the preparation of the estimate:

The Central Intelligence Agency and the intelligence organizations of the Departments of State and Defense, the Treasury, and the NSA.

Concurring:

The Deputy Director of Central Intelligence

The Director of Intelligence and Research, Department of State

The Director, Defense Intelligence Agency

The Director, National Security Agency

Special Assistant to the Secretary of the Treasury

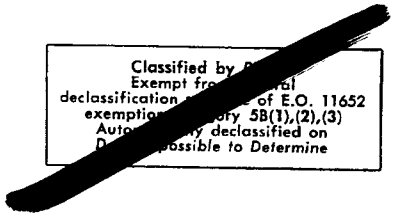
The Director, Division of International Security Affairs, Atomic Energy Commission

Abstaining:

The Assistant Director, Federal Bureau of Investigation, the subject being outside of his jurisdiction.

~~WARNING~~

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited.



SECRET

This document has been approved for release through the NATIONAL REVIEW PROGRAM of the Central Intelligence Agency.

Date 1/31/94

HRP 94-3

NIE 12-72

THE USSR AND THE CHANGING SCENE IN EUROPE

CONTENTS

	Page
SUMMARY AND CONCLUSIONS	1
DISCUSSION	5
I. INTRODUCTION	5
II. THE SOVIETS IN WESTERN EUROPE	6
The Evolution of Détente	6
The West European Response	7
The Problems of Détente	9
III. THE SOVIETS IN EASTERN EUROPE	10
The Record of the Past	10
The Beginning of a New Look	11
Factors for Further Change	12
IV. THE CHANGING EAST-WEST EUROPEAN ECONOMIC RELATIONSHIP	13
V. THE EVOLVING MIX OF SOVIET POLICIES IN EUROPE	16
Guarding the East European Flank	16
Some Contingencies	17
Poland	17
East Germany	18
Romania	18
Other Considerations	18
Posture Toward the West	19
Ostpolitik	19
The American Aspect	20
MBFR	21
SALT	21
CSCE	22
The China Problem	22
VI. THE GENERAL SHAPE OF FUTURE SOVIET POLICY	22

THE USSR AND THE CHANGING SCENE IN EUROPE

SUMMARY AND CONCLUSIONS

A. The USSR is embarked on an active and forward policy of détente in Europe. The basic aims of the Soviet leaders are ambitious: they hope that—while maintaining their position in the East—they can wean the West Europeans away from their close relations with the US, at least slow further West European political and economic integration, and ultimately clear the way for the USSR's emergence as the dominant power on the continent as a whole. At this stage, Soviet détente policies in the West have gone a long way toward convincing many that the Cold War is indeed over and have aroused an expectation of mutually beneficial dealings with Moscow. In the East, the Soviet approach has been marked by a growing confidence and sophistication and the scene there, at least for the time being, is tranquil.

B. Many West European governments (including, tacitly, Bonn itself) seem prepared to accept the division of Germany and the Soviet role in Eastern Europe and to increase their East-West contacts largely on Soviet terms; they are not disposed to press the Russians for major reforms in Eastern Europe as the price of, for instance, advantageous economic arrangements with the West. And should Ostpolitik be seen to be producing special political, economic, or diplomatic gains for Bonn, other West European states will be encouraged to step up their own developing relations with the East.

C. Détente does, however, impose certain burdens on the Soviets and involve certain complications for their policies. Their general approach must seem to be in accord with a spirit of rapprochement and their negotiating positions must at times appear to be conciliatory. They must try to act with relative restraint in Eastern Europe, lest a resort to severe repression compromise their overtures to the West. Moreover, though fear of the Russians has greatly diminished, enough mistrust persists so that most West Europeans will want an American security guarantee for a long time to come. Finally, the enormous growth over the past decade in the political self-confidence and economic strength of West European states, along with their dogged progress toward closer cooperation among themselves, means that even a sharp reduction of US influence would not necessarily lead to a corresponding increase in the influence of the Soviet Union.

D. In Eastern as well as Western Europe, the Soviets are demonstrating an increasing deftness in dealing with difficult problems. This has been evident in their flexible response to, for instance, leadership shuffles in Poland, Hungarian political and economic reforms, and Yugoslavia's continued apostasy. Most East European Communist parties now enjoy substantial organizational independence and—within "socialist" limits—considerable freedom to formulate domestic policies which, in fact, vary widely from country to country. On the whole, the Soviets seem to be living reasonably comfortably with a new generation of East European leaders, most of whom give first loyalty to their own countries or their own brand of Communism even while deferring to Soviet sensitivities.

E. One positive factor for the Soviets in Eastern Europe is the growing awareness of the governments there that a continuing close economic relationship with the USSR is as vital to their further growth as is a further expansion of trade and financial transactions with Western Europe. Moscow has taken a number of steps to make CEMA more attractive to them and will almost certainly take more—e.g., a greater pooling of resources, further technological cooperation, special investment deals, and multilateral banking arrangements. Moscow may, in addition, be willing to give the East Europeans a greater voice in CEMA and a feeling of fuller participation in Bloc political councils.

F. The Soviets are nonetheless aware that they cannot be relaxed about their position in Eastern Europe. They are apprehensive about the wayward course of Romania and perceive the possibility of troubles elsewhere, e.g., in Poland. They are presumably aware that the new relationship between East and West Germany has the potential of causing them particularly delicate problems. And they are concerned that détente and growing economic ties between East and West Europe might arouse the East European peoples and give the East European governments even further room for maneuver. Moscow can be expected, when it sees the necessity, to sanction repressive measures by individual Bloc regimes—or indeed to press them to take such measures. The Russians appreciate that each tentative step by one East European state toward independent action may strengthen the inclination of others to proceed without reference to Moscow. The Soviet leaders will seek to exercise control through political and economic leverage, but will be prepared to use military force as a last resort.

G. Just as the Soviets could be faced with a choice between their objectives in Eastern and Western Europe, so there is potential conflict between their campaign to reduce the US presence on the continent and their simultaneous efforts to improve their own relations with Washington. But for the near term at least, Moscow will seek in various ways to avoid the issue. It has no wish to risk its immediate interests in détente in Western Europe for the sake of long-term goals vis-à-vis the US role there, nor does it wish to jeopardize its relations with Washington—in SALT and elsewhere—for the sake of its ultimate aims in Europe.

H. The military aspects of Soviet détente policies also confront the Soviets with a difficult calculation. They are attracted to the idea of reducing their forward forces in Eastern Europe because they can envisage a generally favorable Western response, and because they can perceive in MBFR an opportunity to induce the US to institute or hasten troop withdrawals from Western Europe. At the same time, they are concerned that a reduction of Soviet forces in Eastern Europe might subtract from their overall security and might diminish their hold on the East European regimes.

I. Current trends in Europe are of course not immutable. Movement toward détente could be halted—temporarily by some stark new

instance of Soviet repression in Eastern European, or perhaps "permanently" by changes in the Soviet leadership. There will be enough disappointments to provide ammunition to skeptics inside the Kremlin. But others as well as Brezhnev support the policy; the Soviet investment in it is already large; a measure of progress has now been shown and more seems in the offing. In short, there is likely to be enough motion during the next two or three years—both in the general area of East-West rapprochement and in that of US-European discord—to cause Moscow to press vigorously ahead.

DISCUSSION

I. INTRODUCTION

1. The USSR is before anything else a European power. Its history, its culture, its general outlook, even its ideology are all predominantly European. To be sure, the Soviets view China and the US as their chief adversaries, and they see Europe as a principal site—and potential prize—in the competition between East and West. But they also regard Europe, qua Europe, as an area of primary national concern; little is of greater moment to them than the security of their position in Eastern Europe, the fate of their engagement with Ostpolitik in Central Europe, and the satisfaction of their ambitions in Western Europe.

2. The Soviets have seen a close connection between their position in Eastern and Central Europe and their policies in Western Europe throughout the postwar period. The policy of crisis and confrontation in Europe followed by Stalin, and with less consistency, by Khrushchev, was in large part intended to remove Western influence from Eastern Europe and to prevent its return. Tough policies toward West Germany and harsh moves against the West in Berlin reflected special Soviet concern about the vulnerabilities of East Germany and also the strong Soviet conviction that the maintenance of the USSR's position in the GDR was essential for the survival of its position in Eastern Europe as a whole. In a sense, once Soviet hegemony in the area had been established, and once the prospects for some dramatic Soviet advance into Western Europe were thought to have dimmed—say by the early 1950s—Moscow's policies in Europe had in the main become defensive in nature, i.e., designed to thwart any Western threat to the USSR's imperial and ideological interests in Eastern Europe.

3. The current Soviet view of Europe proceeds from a fundamentally different perception of the situation on the continent. The Western threat to Eastern Europe no longer seems nearly so ominous to the Soviets, and the USSR's abilities to resist whatever threat remains are thought to be greater. At the same time, occupied by domestic economic problems and ambitions and exercised by serious concern over China, Moscow is moving to ease tensions in the West. For their part, the West Europeans seem to have become much more receptive to the idea of doing political and economic business with the

USSR. All these factors, operating together with more skillful and effective Soviet tactics in Eastern Europe, have given the Soviets the incentive and the confidence to abandon their defensive posture and to seek to take advantage of a variety of opportunities to move Soviet influence forward into Western Europe.

II. THE SOVIETS IN WESTERN EUROPE

The Evolution of Détente

4. There has been no major crisis between East and West in Europe for some 10 years. Though retaining much of the form (and much of the rhetoric) of the past, Soviet policy in Europe seemed for much of the 1960s to be lacking clear direction and purpose. The period following Khrushchev's removal in 1964 was one of uncertainty and indecisiveness within the collective leadership concerning national priorities, including priorities abroad. There was growing apprehension about China as a rival power and as a threat to Soviet security in the Far East. And there was, through most of the decade, an apparently growing doubt in the ability of the USSR to further its objectives in Europe through intimidation and extortion, at least so long as the US maintained its strong presence on the continent.

5. As Soviet strategic power grew and as the confidence of the Soviet leaders seemed to revive, Moscow in 1966 and 1967 began to re-examine its policies and to demonstrate a more active and forward interest in Western Europe. Encouraged by growing European criticism of US policies, the USSR dusted off the old idea of an all-European security conference—one which would probably exclude the US—and issued calls for an end to the cold war in Europe. Then, relieved by the transience of the Western response to the USSR's invasion of Czechoslovakia, the Soviets moved quickly in 1969 and 1970 to meet the new, flexible Ostpolitik of Willy Brandt. They tended to look on this as a form of testimony to the wisdom of the USSR's past refusal to discuss the fate of Eastern Europe with the West, and they also saw in it a clear reflection of the West's growing stake in the reduction of tensions on the continent. At the same time, Leonid Brezhnev, emerging as the leading policy spokesman within the collective leadership, saw in the détente approach opportunities for successes in Soviet foreign policy and for the advancement of his own domestic political interests as well. He thus began increasingly to identify himself personally with a policy of détente in Europe.

6. In its current phase, Soviet policy in Western Europe is—by past measurements of Soviet attitudes and behavior—forward-moving, flexible, and even to a degree conciliatory. Public emphasis is on the desirability of building an all-European system of security and cooperation; on the potential profitability of greatly expanded East-West economic ties; on the cultivation of closer bilateral relations with various West European countries (the development of a new relationship with Bonn and a "special" one with France constituting the most conspicuous examples); and on a variety of interlocking efforts to ease Western anxieties about ultimate Soviet intentions. In general, the Soviets are pushing the theme that, left to their own devices, the people of Europe can live in harmony on their own continent.

7. The Russians believe that these approaches have already helped them go a long way toward satisfying one of their principal postwar objectives, Western acceptance of the political division of Germany and of Europe and recognition of the USSR's primacy in the East. And by the Soviet reckoning there are some important tangible signs that détente policies are succeeding: the treaty with the West Germans; the agreement on Berlin with

the three Western Allies; West European willingness, even eagerness, to proceed with a European security conference; and, above all else, the Summit agreement with the Americans (which has the effect, among other things, of giving sanction to the existing movement toward détente in Europe).

8. The Russians hope that ultimately, partly as a consequence of these developments, the US role in Europe and the effectiveness of NATO will diminish and that the trend toward unity in the European Community (EC) can be impeded and delayed. They hope that the West European Communist parties and other leftist elements can contribute to the campaign against the US, NATO, and the EC. And they hope (however unrealistically) that by helping to reduce the US presence and by preventing the emergence of an effective Western substitute, the USSR can ultimately clear the way to a dominant position on the continent as a whole.

The West European Response

9. Moscow's détente overtures have found a receptive audience in Western Europe. While dislike and distrust of the Soviet Union remain widespread, the fear which once shaped the Western view has greatly diminished. Fear would of course revive during a period of crisis, or if it were thought that the ultimate protection provided by the US was about to be withdrawn. In the predominant European view, however, the wearisome Cold War on the continent is over; the Russians no longer threaten Western Europe, not because their character has been transformed, but because they have belatedly come to understand that the assumption of a menacing posture is no longer a practical or productive exercise. And though the West Europeans can see that the competition between the superpowers continues, they feel that it does so mostly elsewhere—e.g., in the Middle East or in Southeast Asia.

10. West European views of the US too are shifting—becoming more complex and more ambivalent than they once were. There are adverse views of some US policies (e.g., concerning international economic matters). There is uneasiness about the durability of the US commitment to Europe, and there is some suspicion that the US is moving over the heads of Western Europe to arrange international affairs in accordance with the interests of only the two superpowers. There is also a growing feeling that Western Europe, now that it has the political and economic strength, should also have the will to try to move ahead with less help and interference from Washington.

11. West European attitudes toward the US nuclear guarantee are changing as well. Many West Europeans are now inclined to look on this as a sort of disaster insurance, unobtainable elsewhere and necessary for the peace of mind of prudent men. But they are convinced that the chances that disaster will actually strike are receding. And, though they would be horrified if the policy were cancelled, they tend increasingly both to ignore the insurer's advice and to resent his premiums.

12. The West Europeans are not disposed to let moral indignation over the fate of the East Europeans harm their rapprochement with the Soviets. To be sure, most West Europeans would be delighted to see the USSR relax its hold on Eastern Europe and would welcome the adoption of liberal policies by the indigenous governments. But the West European governments do not seem in a mood to try to bring pressure to bear on Moscow or on the East European regimes to move in these directions. They are by now well accustomed to the Soviet presence in Eastern Europe; they feel that the East Europeans do not suffer nearly so much as they once did under Soviet tutelage; and they do not give first attention to the politics of the East Europeans in any case.

13. The French Government professes great concern for the East Europeans and explains that some of its policies are based on this concern. And, indeed, Paris sees opportunities to further French interests by attacking a bloc-to-bloc approach in Europe and by trying to appear the champion of small powers in both East and West. But the French are not inclined to let their sentiments about Eastern Europe interfere with their policies toward the USSR. Barring some particularly unsettling event in the East or in East-West relations, the French, like the other West Europeans, will wish in the main to avoid disrupting their relations with the Russians or upsetting the spirit of East-West détente. First détente, *then* perhaps the problem of Eastern Europe, which—so the rationale goes—can only be solved during a period of general relaxation.

14. The Brandt government in West Germany has already explicitly recognized, in fact, that the way East is via Moscow. It was willing, for example, to delay negotiations with the East Germans, Poles, and others until matters were settled with the Soviets. Bonn insists that the real point of Ostpolitik is to set in motion an improvement in the circumstances of the East German people and, ultimately, to bring about the reunification of Germany and to encourage the liberalization of the Soviet hold on Eastern Europe as a whole. And there is little doubt that Brandt is in part moved by these ideals. As a practical matter, however, he gives great weight to other considerations. He is seeking through the accomplishments of Ostpolitik to ensure SPD political successes at home. Beyond this, Brandt and the SPD leaders believe that East-West tension in Europe is dangerous and inhibits the satisfaction of their own principal ambitions: their longing for international stature and influence; their hope to use West German economic strength to expand the FRG's role in the East; and their urge to devote more time, energy, and resources to problems of domestic development.

15. Most West European countries are now disposed to occupy themselves primarily with domestic economic and political concerns. Their international energies are at the same time increasingly expended on questions associated with the enlargement and further integration of the European Community and with the state of economic relations with the US. To one degree or another, West European nations are inclined to look upon the requirements of national defense as subordinate to these other matters and believe it expedient to hold military expenditures to a minimum. In such circumstances, as we have noted elsewhere, détente has much appeal.[1]

16. Détente also has a certain commercial appeal. Some Western businessmen—especially those associated with the automotive, gas, oil, chemical, telecommunications, electronics, and certain consumer goods industries—foresee years of expanding and profitable exchanges with the USSR. Overall West European trade with the USSR reached some $4.4 billion in 1971, up from only $1.8 billion in 1960, an average annual increase of about nine percent. And though it will probably grow more slowly, Soviet-West European trade is likely to continue to expand in the 1970s; long-term credits from the West will probably remain available and the Soviet desire for imports of capital goods is sure to persist.[2]

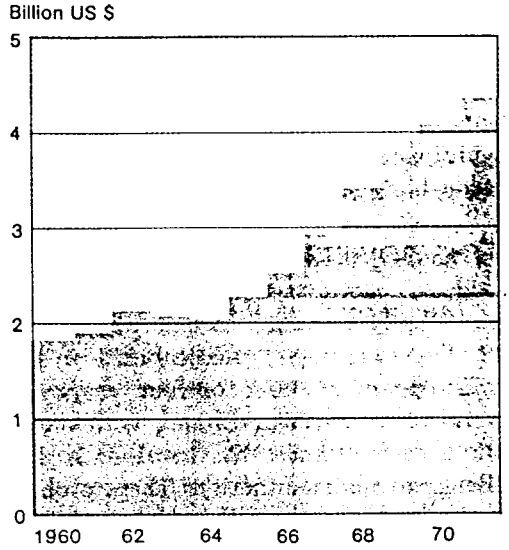
---

[1] See the discussion of "West Europe's Changing International Outlook" in NIE 12-71, "The Changing Scene in Europe", 19 August 1971, CONFIDENTIAL.

[2] As a consequence of its growing indebtedness, Moscow is encouraging so-called cooperative ventures with the West. A Western country provides equipment and technology—e.g., pipeline material—on long-term credit; the USSR repays by "selling" the product of the venture—natural gas—to the creditor country.

BEST COPY
AVAILABLE

Soviet-West European Trade



17. The lure of this larger economic relationship with the USSR and the Bloc is thus already substantial in Western Europe and is likely to grow, at least in the near term. The West European interests which stand to benefit most from this relationship—e.g., large industrial firms, such as Fiat—would presumably look askance at Western foreign policies which seemed unnecessarily to jeopardize the climate of détente. And such interests, which are not without influence in Paris, Bonn, Rome, and elsewhere, are perhaps more disposed to see the US as a day-to-day commercial rival than as the ultimate protector of Western sovereignty.

The Problems of Détente

18. The kind of détente urged by the Russians is thus in general accord with the prevailing moods and politics and economic desires of most West Europeans. And this has helped to convince the West Europeans that they should not make large demands on the USSR. They ask that it *not* do certain things which would clearly disturb détente—such as resume strong pressures against West Berlin. But they do not expect major Soviet concessions in return for their willingness, for example, to recognize the division of Europe into two political spheres and in effect to accept Soviet domination of one of them.

19. The maintenance of a détente atmosphere in Europe also places certain burdens on the Soviet leaders and constraints on their policies, which should now seem in general to be in accord with the spirit of rapprochement. And there is reason for the Soviets to approach some matters in a conciliatory fashion in order to achieve certain specific goals. This was the case during the quadripartite negotiations on Berlin. It seems to be the case this fall as the Russians search for ways—e.g., progress in the negotiations between East and West Germany—to help Brandt win reelection. It may be the case this winter as the preliminaries of the CSCE get underway. And it could at any time be the case if the existing Soviet leadership felt the need to show progress in the West in order to compensate for setbacks elsewhere, in the Middle East, for example, or on the homefront.

20. Western Europe is not in any event an area where the Russians are likely to achieve lasting gains easily or quickly. There is no sure way for the Soviets to turn the general urge for peace and prosperity to their ultimate advantage. Western suspicions of Soviet intentions might be aroused by Soviet behavior elsewhere. US-West European relations, while obviously changing, are likely to remain a vital factor in West European calculations of their international interests; in particular, the West Europeans will want a security guarantee from the US for a long time to come. And even a reduction in US influence in Western Europe would not necessarily lead to a corresponding increase in the influence of the Soviet Union.

21. There are, in fact, aspects of West European development which could greatly inhibit the ability of the Soviets to make their presence felt and heeded, whatever the course of US-European relations. West European political self-confidence and economic strength have grown enormously in the past decade or so. *Inter alia,* this is manifesting itself in a greater area-wide sense of identity and an increasingly prosperous and effective (West) European Community. And these are developments which have little appeal in Moscow. On the contrary, they make it more difficult for the East to deal advantageously with the West in economic relations; attract the envy and attention of the East Europeans; and hinder the Soviets' efforts to expand their influence in individual West European capitals. At the same time, the emerging Western Community confronts Moscow with a variety of problems which it cannot even hope to solve mainly on its own terms; Moscow surely cannot by itself stop the movement toward West European unity, nor can it seek to share in its accomplishments by joining in it.

22. Finally, developments in Eastern Europe could come to have a major effect on the course of Soviet détente policy in Western Europe. Large-scale disruptions in any of the Bloc countries, followed by harsh acts of repression by the regime involved or by the Soviets, for example, would stir popular protest in Western Europe and *could* move the West European governments away from their generally favorable attitudes toward Soviet-style détente. Blatant Soviet intervention in Yugoslavia (e.g., in a chaotic situation after Tito's death) would be taken by many West Europeans as evidence of ominous Soviet intentions toward them as well. Disruptions in the GDR would be another contingency likely to cause trouble for the Russians in the West; Bonn's Ostpolitik might not be able to survive a turn toward severe repression in Pankow. The Soviets may be optimistic that, even should major flare-ups in Eastern Europe occur, adverse Western reactions can be contained. But they are sensitive to the climate of both public and official opinion in Western Europe and are certainly aware that in some circumstances their policies in the West could become hostage to their actions in the East.

III. THE SOVIETS IN EASTERN EUROPE

The Record of the Past

23. There has been a political crisis in Eastern Europe every three or four years since the end of World War II and, with one exception, each of these has involved a direct challenge to Soviet authority.[3] These problems have emerged or exploded during different periods and in diverse circumstances and the Russians for the most part have reacted—often clumsily—rather than anticipated. They have had to resort to military force to hold on to three East European states (East Germany, Hungary, and Czechoslovakia), and in instances where force was not used they have seen the departure from the Bloc of two countries (Yugoslavia and Albania) and the partial departure of one more (Romania). The Russians seem time and again to have underestimated the force of nationalism in Eastern Europe and to have consistently overestimated their own abilities to enforce subjugation and conformity through political, economic, and ideological means. Thus, after 25 years or so of effort, they still find themselves searching for more effective non-military ways

[3] The Cominform break with Yugoslavia in 1948; the insurrection in East Berlin and other East German cities in 1953; the general uproar in Poland at the time of Gomulka's accession in 1956; the revolution in Hungary in the same year; the defection of Albania in 1960; the move toward independence of the Romanian Party in the early 1960s; the Czechoslovak Experiment in 1968; and the worker uprisings in the Baltic cities of Poland in 1970. Only the last did not directly involve the Soviets.

to contend with widespread East European hostility and with an enduring East European urge for independence.

The Beginning of a New Look

24. Since 1968, however, there have been indications that this search has been conducted with increasing skill and that, in some instances, Soviet policy in Eastern Europe has become more knowing, more patient, and more effective. In post-invasion Czechoslovakia, for example, Moscow sensibly decided—contrary to most expectations—to proceed only at a very deliberate pace to restore firm political controls over Prague and encouraged the new Czech leaders to move at the same speed. In Poland, the Soviets (despite considerable concern over both the riots and Gierek's ability to take charge) wisely refrained from interfering in the Baltic riots of December 1970, for the most part kept out of the leadership shuffles which followed, and responded immediately to the new regime's pleas for material and financial help. And in East Germany in 1971 the Soviets somehow saw to the early and graceful retirement of the increasingly inconvenient Walter Ulbricht—a move that was accomplished with remarkably few tremors.

25. Policies in some other problem areas of Eastern Europe also seem to reflect an unusual degree of Soviet restraint and, perhaps, foresight. The Hungarian experiment—a slow and careful yet perceptible move toward real reform—is closely watched but for the most part tolerated by Moscow. The Yugoslav problem does not now publicly agitate the Soviets; on the contrary, Moscow is currently in a mood to grant aid to the Yugoslav economy and bestow medals on the Yugoslav leader. Even Romanian misbehavior no longer seems to trouble the Russians as much as it once did; the veiled threat of military intervention, particularly obvious in the fall of 1968 and revived during the summer of 1971, has been allowed—at least for the time being—to fade into the background.

26. In economic matters too, there has been appreciable change in the Soviet attitude toward the East European states. True, the trade of the East Europeans with the USSR and with each other remained at some 60 percent of total trade throughout the 1960s. (The range runs from about half in the case of Romania to about three-quarters in the case of Bulgaria.) And the East Europeans are still almost wholly dependent on the USSR for their imports of such raw materials as crude oil and iron ore, and they continue to receive more than half of their imports of coke and cotton from the same source. It is also true, however, that—with at least tacit Soviet encouragement—their trade with the West increased rapidly during the same period.

27. One of Moscow's lines of approach to the kinds of problems raised by growing East-West European trade (and by the further development of the EC) has been to turn increasingly to CEMA, i.e., toward efforts to manage and coordinate Bloc economic activities, including East European trade ties with the West. There has already been considerable Soviet emphasis on the need for more intra-bloc economic coordination, integration, and specialization under CEMA auspices. There has at the same time been some increase in genuine East European interest in aspects of the CEMA program. This can probably be attributed in large part to the growing realization among East Europeans that trade and economic arrangements with advanced Westerners can solve only some of their economic problems. They understand that there are in any case major difficulties attending efforts to expand their markets in the industrialized West, and that their hard-currency indebtedness to the West creates a problem in and of itself. CEMA—and CEMA plans for resource-pooling, technological co-

operation, investment deals, and multilateral banking arrangements—thus becomes a practical and in some respects attractive outlet for the trade-dependent East Europeans.

Factors for Further Change

28. Moscow's more flexible approach to the wide range of political and economic problems it faces in Eastern Europe seems to reflect a generally more sophisticated Soviet point of view. The post-Khrushchev leadership clearly has learned something from the troubled Soviet past in Eastern Europe. And in recent years, this leadership has been exhibiting a growing self-confidence in the management of foreign affairs in general.[4] It is likely that this has contributed to the formation of a somewhat more relaxed view of threats to its position in Eastern Europe. It may also have encouraged the evolution of a somewhat more flexible definition of just what that position must be. Yet, whatever Moscow does, the roots of the USSR's principal difficulties in Eastern Europe will remain nourished by nationalism. Outbreaks of public violence, instances of inner-Party turmoil, renewed efforts to escape the directing Soviet hand seem almost inevitable over time.

29. The USSR's search for a better way to manage its troublesome imperial affairs has not so far revealed any very coherent Soviet plan of procedure or clearcut Soviet view of long-range objectives. There have been a number of indications that the present Soviet leaders envisage, if rather vaguely, the eventual establishment of a community of national communist states. As broadly conceived and discussed during the Khrushchev era, and never refuted implicitly or otherwise by the existing regime, the ideal would be a Socialist Commonwealth in which the governments of each state would be "autonomous", i.e., would build socialism in their own way under Party leaders of their own choosing. But each state would also be subject to the will of the community, as expressed through international meetings and such institutions as CEMA and the Warsaw Pact, especially in the area of foreign, defense, and international economic policies. All members of the Commonwealth would hold a common ideological outlook and thus in theory share similar or identical views of the world at large. All the East European states would, moreover, fully appreciate the size, strength, and superior "socialist" credentials of the Soviet Union and voluntarily recognize its special interests and authority.

30. This model taken as a whole is of course highly unrealistic. But it is not without significance because important parts of it have been functioning for some time. Most of the East European Communist Parties now enjoy substantial organizational independence, i.e., run their own inner-Party affairs and select their own leaders, subject perhaps to Soviet veto. And most of these same Parties have also assumed the right—within "socialist" limits—to formulate domestic policies in accordance with what they conceive to be their own national requirements and traditions. Policies and practices and even plans thus vary substantially from country to country. Agriculture is completely socialized in Bulgaria, hardly at all in Poland; rigid, centralized economic planning, with emphasis on investment, is the rule in Romania but not in Hungary; the Party maintains very tight control of cultural matters in the GDR, not so, again, in Hungary; etc.

31. The degree of Soviet influence in Eastern Europe also varies considerably. Soviet

[4] "Developments of recent years have given the USSR increased confidence in its security and strategic posture, in its capacity to engage its adversaries on favorable terms, and in the prospects for the long-term growth of its international influence". From Conclusion A of NIE 11-72, "Soviet Foreign Policies and the Outlook for Soviet-American Relations", 20 April 1972, SECRET.

wishes count for much more in East Germany, Czechoslovakia, and Bulgaria than in Poland and Hungary and count the least in Romania. (Outside the Bloc, they count for very little in Yugoslavia and not at all in Albania.) But the Soviet-East European relationship is everywhere vastly different from that of the 1940s and 1950s. The Russian proconsuls are mostly gone, and even those East European leaders who had been reared and trained in the USSR are all gone. (Ulbricht was the last.) In their places are men who may or may not wish to follow the Soviet lead and who—no doubt with some exceptions—owe their first loyalties to their own countries or to their own countries' particular brands of Communism. When, for example, Gierek goes to Moscow, he goes as a Pole and he usually goes to represent Polish interests.

32. This sort of autonomy, of course, has more often been won by the East Europeans than granted by the Russians. The process thus is not the one envisaged by the Soviets when they contemplate the Socialist Commonwealth. Each time an individual Party, say the Hungarian, puts forward a new and independently developed economic scheme, or each time an East European leader, say Ceausescu, successfully ignores or defies Soviet wishes, the ability of the Soviets to issue orders suffers a little and the inclination of the local Party to proceed without reference to Moscow presumably grows. To be sure, the spectre of armed Soviet intervention retards the pace of the movement toward independence, limits the interim goals of the movers, and in general helps to maintain a certain level of East European sobriety. But part of the lesson of Czechoslovakia, as confirmed by the post-1968 behavior of both Hungary and Romania, each in its own way, was not that East Europeans must cease their *search* for independence. It was, rather, that the Russians—though they can be provoked when they see a real threat to their vital interest—prefer not to use force and that this preference in fact provides the East Europeans with considerable room for maneuver. One area which appears especially promising for the exercise of this ability to maneuver is in the expanding world of economic relations with Western Europe.

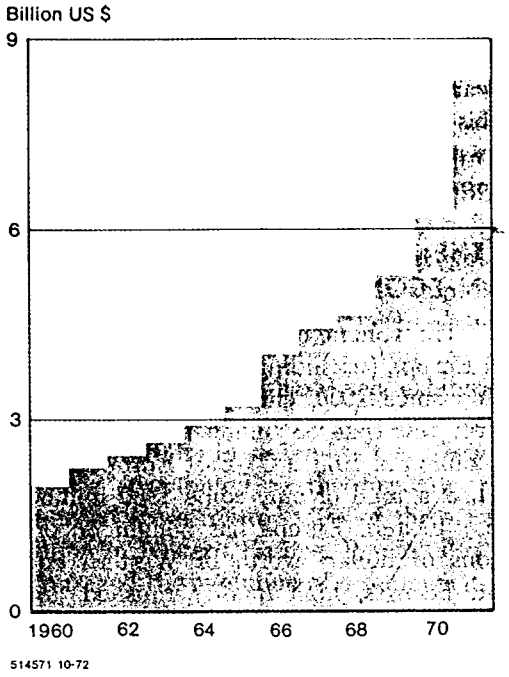
IV. THE CHANGING EAST-WEST EUROPEAN ECONOMIC RELATIONSHIP

33. The volume of trade between West and East Europe (excluding the USSR) has almost tripled since 1960, climbing from a total of slightly less than $3 billion in 1960 to about $8.4 billion in 1971. (US-East European trade reached a total of only some $380 million in 1971.) Eastern Europe has bought on credit billions of dollars worth of Western equipment, licenses, high quality finished goods, foodstuffs, and animal feed. As a consequence, East European hard-currency indebtedness had grown to almost $4 billion by the end of 1971. Financial arrangements between East and West Europe have expanded apace—there are joint production ventures, borrowings on the Eurodollar market, Western bank consortia loans, and even Eurodollar bond offerings in the West (by the Hungarians, with the help of Soviet-owned banks in the West).

34. The boom in East-West trade reflects in part the realization in Eastern Europe that economic progress requires much more than the mere expansion of standard heavy industries, such as steel. Indeed, it had become clear by the early 1960s that East European growth rates would falter without faster technological change, i.e., without a restructuring of output in favor of newer industries, including the chemical, electronics, aluminum, and even automotive industries. The West of course offered the blueprint for this change but the USSR provided the main initial impetus by

BEST COPY AVAILABLE

East European-West European Trade



altering the pattern of its exports. Specifically, because of the changes in the Soviet economy, it began to supply Eastern Europe with more oil and less of such traditional materials as coal, ferrous metals, cotton, and wood. And this shift immediately created a need in Eastern Europe for new (Western) machinery—particularly equipment for oil refining, petrochemicals, and synthetic fibers.

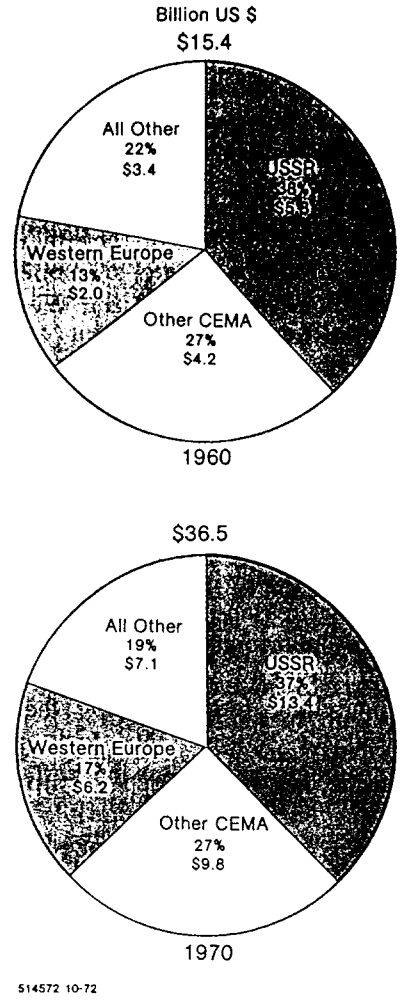
35. Obviously, both East and West Europeans have found the growing volume of trade to their liking. What began in the early 1960s as a mutually beneficial exchange of Western machinery for Eastern agricultural products and raw materials has since developed, in addition, into a growing two-way trade in semifinished goods (particularly metal products and chemical materials) and in consumer manufactures. But, though they have come a long way in adapting to this trade—and to its complex financial problems—the East Europeans still have some complaints: they must pay regular prices for Western machinery but usually receive discounted prices for their own industrial exports; new Western machinery and joint ventures with the West have not as yet generated much of a return in new exports, except to the easier Bloc markets; agricultural products and crude materials still account for over half of all East European exports to the West; and East European industrial exports remain especially vulnerable to economic downturns in Western Europe.

36. Soviet attitudes toward Eastern Europe's growing economic ties with the West are equivocal—the trade has been encouraged, tolerated, and restrained at varying times. Moscow does not want these ties to jeopardize its political predominance or weaken its economic power in Eastern Europe. Nor does it wish to see the East European states functioning in Western Europe as independent economic entities, to the detriment of coordinated Bloc policies and perhaps in direct competition with the USSR. On the other hand, the Russians would find it difficult to proceed in energetic fashion to develop their own economic ties with the West and try at the same time to deny similar opportunities and privileges to the East Europeans. More important, the Russians no doubt expect the East Europeans to benefit from closer economic relations with the West and of course view this prospect with some favor. The economic strengthening of Eastern Europe could help to enhance domestic political stability in the area; might relieve the USSR of certain economic burdens (such as granting emergency hard-currency credits to Poland); and could lead to a growing East European contribution (without hard-currency costs) to the process of economic advancement in the USSR itself.

37. A major problem that has emerged in Eastern Europe since the early 1960s is that of "integrating" the small economies of the area into the international market. A price of technological change in Western Europe has been the giving up of aspects of traditional political sovereignty in order to facilitate the movement of goods, labor, and capital and to harmonize national economic policies. Even more elaborate and difficult intergovernmental agreements are proving necessary for Eastern Europe. This facilitates the USSR's drive for tighter ties within CEMA. But it also moves the East European states toward closer relations with the West. The East European countries now find it necessary, in fact, to become more integrated with one another, with the Soviet Union, and with Western markets as well; all three areas are important to their continued economic development.

38. East Europe's export problems, together with its rising indebtedness, will tend to dampen the boom in trade with Western Europe in the 1970s. But Eastern Europe—particularly the advanced economies of Poland and East Germany—is finding Western trade and technology to be as vital to growth as the industrial supplies and export markets of the CEMA countries. At the same time, Western Europe seems as eager as ever to seek markets and profits in the East, to make credit arrangements more flexible, and even to actively promote East European sales in the West. Eastern Europe's trade with Western Europe seems likely to grow about as fast as its total trade for the next several years. A sustained boom in East-West trade over the longer run probably would depend heavily on a considerable expansion of joint ventures and tie-in trade arrangements, both of which would be needed to provide growing export markets for the East Europeans and to hold the East European debt to manageable limits. The Soviets will almost certainly endorse some future expansion of East-West European economic relations. They realize that this may require them to work out some bloc-to-bloc institutional arrangements (between the EC and CEMA), but they will try for as long as possible to use CEMA to coordinate Eastern approaches to individual West European countries.

Distribution of East European Trade



514572 10-72

V. THE EVOLVING MIX OF SOVIET POLICIES IN EUROPE

39. Given the multiple interconnections among Soviet activities in the West and Soviet interests in the East, it is a neat question whether in the long run the USSR will be able to pursue a policy of détente in only one part of Europe. But this is also a question the Soviets of course hope they will not have to face. And, indeed, they may not if the East Europeans decide to cooperate by behaving themselves, and if the West Europeans choose to oblige by accepting the Soviet definition of détente altogether. Yet Moscow can certainly not afford to leave the matter to chance.

Guarding the East European Flank

40. The Soviets understand that many East Europeans who view détente favorably do so for their own reasons, i.e., see in the détente process an opportunity to move closer to the West and farther away from the Soviet Union. While marching forth to meet the FRG's Ostpolitik, the Russians thus took pains to avoid misunderstandings on the part of their allies, ensuring that all the Bloc states (except Romania) were in step and to the rear. Moscow can be expected in the future to reiterate its position that there can be no co-existence between the rival ideologies and to press the East European governments to maintain clear limits and careful controls on contacts between their citizens and those of the West. It will no doubt continue to insist on a coordinated Bloc approach to the West and on the primacy of Soviet objectives over East European interests. It will unquestionably encounter setbacks in these areas of concern and thus can also be expected to revert from time to time to the use of tougher and more direct forms of pressure on one or another East European state.

41. Moscow will, at the same time, seek better ways and more effective forums for the meshing of Soviet and East European policies and practices: possibilities include more frequent, perhaps periodic, Bloc conferences and meetings of the top leaders; various schemes to strengthen Party and ideological ties; the further development and elaboration of Warsaw Pact and CEMA machinery in Moscow and in the individual Bloc capitals; and more extensive integration of long-term economic plans, including trade plans.

42. The Soviets may give particular consideration to allowing the East European leaders a larger voice in CEMA and within other Bloc councils. (When they were still at the peak of their powers, both Ulbricht and Gomulka were treated almost as ex officio members of the Soviet Politburo.) This need not lead to significant diminution of ultimate Soviet authority but might help to persuade one or another East European leader to think along less nationalistic lines. The Soviets may also choose to permit East European officials at lower levels to have a greater role and say-so within the organs of CEMA and the Warsaw Pact.

43. The Russians may, however, move very slowly and cautiously in such matters. They have never been entirely comfortable with the institutional aspects of Bloc life. Partly this is because some of the East European states resist—often successfully—Soviet-sponsored movement toward economic and military integration. Romania has been the most difficult and outspoken in this regard, but others from time to time seem to have given Bucharest some tacit support. The Soviets often seem uncertain about precisely what to do in the face of such resistance. (Khrushchev once complained that the boys in Eastern Europe had grown too large to spank.) For some in Moscow, the tested practice of direct bilateral dealings with the East European

states—the habit of the past and still the principal means of control—remains the most effective way of governing the empire.

44. Beyond all this, the Russians undoubtedly believe that a common devotion to the principles of Marxism-Leninism and a common fear of the ultimate intentions of the capitalist West will help to keep the East European regimes dependent on the USSR. It is true that most of them will remain suspicious of Western objectives, and that they could in some circumstances—e.g., in the event of a very rapidly growing Western cultural and economic presence—come to see at least an indirect threat to their existence.

45. Though the possibility no doubt from time to time crosses Soviet minds in the case of Romania, none of the problems Moscow faces seem likely in the near term to necessitate the use of military force in Eastern Europe. None of the existing Bloc leaderships are in danger of being overthrown, none of the Parties are presently disposed to experiment in radical fashion with domestic reform, and none of these states are anxious to stride off in bold new directions in foreign policy. Nevertheless, the military option is one which Moscow must continue to leave open since its position in Eastern Europe probably could not survive without it.

Some Contingencies

46. There will continue to be potentialities in Eastern Europe for various patterns of far-reaching change. In some eventualities—assuming no radical East European movement of, say, the 1968 Czech variety—the Soviets could probably only channel and limit the process rather than halt or reverse it. The logic of the evolution now underway in Soviet-East European relations, for instance, suggests that all or most of the East European states may ultimately achieve a degree of autonomy similar to that exercised today by Hungary or Poland. Indeed their status might even come to resemble in some ways that which characterizes relations between Finland and the USSR: substantial independence in domestic affairs (so long as, in the case of Finland, the government is "friendly" and, in the case of Eastern Europe, the regimes are communist) but only a limited degree of autonomy in foreign and defense affairs.

47. If and as they began to exercise greater independence of action, certain of the individual Eastern European countries might do so at least as much *within* the Bloc as outside it. Their pride and nationalism could to some degree find expression within a "socialist community"—even one still essentially dominated by the USSR—if they were persuaded that their views were respected and their voices heeded. There are already signs that some East Germans and Poles are beginning to view this sort of development as both plausible and desirable; their emphasis is not on the need for the GDR or Poland to gain independence by fleeing Westward but on the possibilities of more vigorous assertions of their national interests within Bloc councils. Their hope is that perhaps East Germany (because it is the most advanced of all Bloc states), or perhaps Poland (by virtue of its position as the second largest power within the Soviet grouping) could come to exercise a significant influence on Bloc affairs.

48. *Poland.* Poland in particular might come to wield some real leverage vis-à-vis Moscow. Polish fears of West Germany "revanchism", an emotion which has helped to keep Poland dependent on the USSR, are diminishing as a consequence of Ostpolitik. More important, Poland's strategic importance to the USSR could now work to some extent to Warsaw's advantage. Moscow, in trying to protect its important interests in Poland, might in certain contingencies find it more prudent to appease Warsaw than to offend it.

49. *East Germany.* Already developing a sense of identity—still German but distinct from that of West Germany, "socialist" but differing from that of the other members of the camp—East Germany could eventually present the Soviets with a problem of particular complexity. The imperatives of both détente and Ostpolitik have already moved it into closer contact with the FRG; intensification of those inner-German ties is expected to be an integral part of the continuing détente process. A growing rapprochement within Germany will in time probably provide the East Germans with the opportunity and incentive to begin to regard their interests in Europe from a peculiarly Pankowian (vice Muscovite) prospect. This is not to suggest that the GDR is likely to strike off in an independent direction in the near future. The Soviets (and the other East Europeans) will remain apprehensive about the possibility of collusion between East and West Germans. Moscow will be especially sensitive to any sudden or marked East German deviations from the accepted path and will presumably be able to rein Pankow in should it stray too far too fast.

50. But having charged the East Germans with the task of entering into a new relationship with the capitalist FRG, the Soviets may face the prospect of watching this relationship grow uncomfortably close. And this development could imperil further integration of the GDR into the socialist community, sharpen already existing divergencies between Pankow and the rest of the bloc, and more generally complicate Soviet détente policies toward West Germany and Europe as a whole.

51. *Romania.* Romania is also a special case. This is a country which has somehow managed to assert its independence within the Warsaw Pact-CEMA system while maintaining good relations with China and following a conspicuously non-conformist path in foreign affairs in general. The Romanian leadership appeals to the Romanian people to support its eccentric posture abroad (and to tolerate its demanding policies at home) on the basis of a shared dislike and distrust of the USSR, while contriving at the same time to maintain formally close and correct ties with Moscow. It seems moreover to be moved almost entirely by calculations of national self-interest—as affected, of course, by an appreciation of the realities of geography and Soviet power. As demonstrated most recently in its application this fall for membership in the International Monetary Fund, Romania's overriding objective is to enlarge the area of Romanian independence, in the process consciously risking Soviet displeasure but trying to avoid strong Soviet reactions.

52. The Russians are understandably concerned. They are offended by the disloyalty of the Romanian Party, uneasy about the implications of Romanian autonomy for the rest of Eastern Europe, and apprehensive about what Romania's ability to ignore or defy Soviet guidance might do to the image of Soviet power and the course of Soviet policy. They are in consequence looking more or less constantly for some device to compel Romanian conformity and to diminish Romanian independence. But, basically, while seeking to contain and isolate Romania, Moscow appears to believe that time and geopolitics will one day solve the problem. They may not.

Other Considerations

53. All the countries of Eastern Europe could of course press hard to assert their individuality. They might try, for example, to exploit détente to develop much closer economic and political ties to the West as a way to reduce their vulnerability to Soviet pressures. The grand vision that ultimately all Europe, from the Atlantic to the Urals, will be united in a single cooperative system of

sovereign states is alive in Eastern Europe if not in France. Not many East Europeans view such a system as a practical goal but they perceive in any movement toward it—even the convening of a European security conference—a possible step toward further independence for themselves, an opportunity to fulfill their nationalist aspirations within a broader European framework. They believe that such a framework would give them added courage to ignore or defy the Russians because the more their countries became a part of Europe the more constrained the Soviets might be in seeking to enforce their hegemony. It is one thing, surely, for the Soviets to invade a country which is clearly within their own sphere. It would presumably be quite another to march into one which was no longer so completely dominated by themselves or isolated so effectively from the remainder of Europe.

54. But while the trend is undeniably there—and Moscow seems more disposed to confine it to "healthy" channels than to assault it head on—the movement of the East European states toward sovereignty is by no means inevitable. Changes in the Soviet leadership could, for example, lead to important changes of policy in both parts of Europe. Not all Russians are persuaded that détente is a wise or practical course in the West or that a relatively relaxed approach will serve Soviet interests in the Bloc. A breakdown of the USSR's détente policies in the West—whether inspired in Moscow or the consequence of events elsewhere—would obviously eliminate whatever degree of restraint the Soviets have exercised in Eastern Europe out of their concern to maintain their benign image in the West. Depending on the nature and location of the difficulty and the means required to combat it—major disruptions in East Germany would be especially alarming—another round of serious trouble in Eastern Europe could also move the Russians toward much tougher policies. Even if subsequent severe Soviet countermoves did not provoke strong and enduring Western reactions, the Soviets might deem it prudent after a crisis of this character to reconstruct the barriers between East and West on their own. There is certainly no question that in circumstances which Moscow saw as demanding a final choice between holding on in Eastern Europe or maintaining its policies in Western Europe, Moscow would abandon the latter.

Posture Toward the West

55. At this stage of the game, despite the Soviets' many concerns—existing and potential—about Eastern Europe, they are giving particular priority to improvement of their relationships with the West. On the level of functional policy, in fact, they seem so far to have adjusted their approach in Eastern Europe more to accord with their objectives in Western Europe than vice versa. Thus, for example, the Russians were willing to remove Walter Ulbricht—who feared and resisted the USSR's more or less accommodating response to Willy Brandt's Ostpolitik—partly for the sake of Soviet détente policy in the West.

56. *Ostpolitik.* The interaction of West Germany's Ostpolitik, the USSR's détente policies, and the echoes of both in Eastern Europe are of special significance to the movement of East-West relations in Europe. So far, Moscow's emphasis on rapprochement and Bonn's determination to activate its Eastern policies have been complementary. The immediate aims of the two sides—the further development of economic ties, a major reduction of political tensions, the establishment of a broad modus vivendi between the FRG and GDR, and, specifically, the signing of some sort of formal general treaty by the two parts of Germany—are compatible. But in the longer term this may remain the case only so long as (a) the West Germans do not threaten

Soviet interests and concerns in East Germany and Eastern Europe, and (b) the Soviets do not put obvious or heavy pressure on Bonn to sever its ties with NATO and the EC and do not interfere in West Germany's relations with the US.

57. Other West European states, particularly France, are inclined to resent and resist the fact, but in the area of policies toward the East the FRG now plays the key role. And progress in Ostpolitik—of the character so far recorded—may be crucial to Western attitudes and policies as a whole. If Ostpolitik seems to be working—if it can help to produce political gains for the Social Democratic government at home (such as a victory in the forthcoming election); if it can be seen to benefit the West German economy; if it can apparently enhance the international standing of the Federal Republic; if it can seem to contribute to the settlement of problems of European security—if it is thought to be on the way to accomplishing most or all of this, then other West Europeans will be encouraged to step up and publicize their own contacts with the East. They will not only interpret the FRG's successes as harbingers of good things to come; they will also wish to avoid being left in Bonn's dust. On the other hand, if Ostpolitik were seen to be failing, and this were attributed in the main to the Russians, the other West Europeans would regard the "opening to the East" with greater wariness and hopes for general East-West concord would dim.

58. *The American Aspect.* Clearly, the kind of role in Europe which Moscow aspires to is one which can be achieved only if the US presence there—political, military, and economic—is greatly reduced. In the nearer term, the Soviets hope to obtain from the US some clear acknowledgement of the legitimacy of their hegemony in Eastern Europe without having to respect a corresponding status quo in Western Europe. The Soviets, though realizing that the Vietnam issue can no longer be exploited very effectively for the purpose, will continue in various ways to promote discord within the Western Alliance, between the US and individual West European countries, and between the US and the EC. Thus, while Moscow's pursuit of détente in Europe and of "normalization" of Soviet-US relations are at present to some degree complementary, there are contradictions between them and these promise to become more obvious and more troublesome over time.

59. Present circumstances would appear, in the Soviet view, to call for considerable tactical flexibility and a careful balancing of priorities. To the extent that growing West European self-assertiveness causes difficulties in relations with the US, and to the extent that it encourages some West European countries to be more receptive to Soviet overtures, Moscow believes that this development works to its advantage. Moscow is also aware, however, that it does not do so automatically or in all instances. A cause and a manifestation of this West European self-assertiveness, the widespread suspicion that the two superpowers wish to settle European affairs between themselves over the heads of the Europeans, works against the Soviets as well as the US. And in some cases of US-West European disagreement, Moscow might find itself more or less aligned with Washington. The formation of a strong and self-centered West European commercial front within the framework of the EC, for example, could cause troubles for the USSR as well as for the US.

60. There is, at the same time, reason to believe that Moscow would prefer a gradual and controlled reduction of the US military presence in Europe to a sharp and abrupt reduction which could have destabilizing effects. It is likely that Moscow will weigh this consideration in formulating its positions

in the next phase of SALT, especially where these touch on the issue of the deployment of US nuclear weapons in Europe, and in MBFR when (and if) that subject reaches the point of serious negotiation.

61. The Soviets also presumably recognize that too much activity and pressure in Western Europe could boomerang and slow the trend toward a diminished US role by alarming both the US and the Europeans. The Soviets are not in any case now disposed to risk their immediate interests in détente and the détente process in Western Europe for the sake of long-term goals vis-à-vis the US role in Europe. (They thus accepted the idea that the US could participate in a European security conference though they would have much preferred to have excluded it.) Nor do they wish to jeopardize their relations with the US—and their negotiations with the US in the SALT forum and elsewhere—for the sake of their ultimate aims in Europe.

62. *Mutual and Balanced Force Reductions.* The interrelationship of Soviet, European, and US policies is nowhere more evident than in the attitudes of the various powers concerning the question of MBFR. The Soviet leaders are at once attracted and repelled by the idea, and it is not entirely clear that they agree among themselves about how best to proceed. They are attracted because they apparently can see some possible profit in the negotiations for MBFR, or at least some loss if they refuse to enter into such negotiations; because they can envisage a generally favorable Western response if they agree to reduce the size of their military forces in Eastern and Central Europe; and because they can perceive in MBFR an opportunity to induce the US to institute or hasten troop withdrawals from Western Europe. They are at the same time very uneasy about some of the implications and possible consequences of MBFR. They are concerned that a reduction of Soviet forces in East Europe (especially East Germany) might subtract from their overall security; are uncertain about what MBFR might do to the military balance with NATO; and may be anxious about the effects of a too-rapid withdrawal of US forces from West Germany. They are no doubt also apprehensive that a drawdown of their forces would diminish the USSR's hold on the East European regimes.

63. The attitudes of the West Europeans are also complex. Many seem attracted by the notion that force reductions by the superpowers would lead to a lessening of tension on the continent; others seem concerned mainly that a major US withdrawal would lead to a lessening of US interest in Europe and even a withering away of the US commitment. The French Government foresees only the grimmer prospects and refuses to sanction MBFR. The government in Bonn does not look forward to any American troop reductions in West Germany and hopes that protracted deliberations in the MBFR process might in fact delay such reductions. Most of the other West European governments seem persuaded that—if handled properly and if not completely dominated by the superpowers—MBFR negotiations are probably a desirable (or at least inevitable) aspect of détente.

64. *Strategic Arms Limitations Talks.* In the Soviet view, SALT is exclusively a bilateral concern. But the West Europeans find that their interests are also very much engaged. They recognize that this is indeed an area of paramount concern to the US and USSR, and they are in general accord with the idea that the bilateral negotiation of limitations on strategic arms is a worthy endeavor. They are, however, concerned that in the process European interest will not receive adequate representation. In particular, they are worried that the issue of American forward base systems

(FBS) and the question of the USSR's medium-range and intermediate-range ballistic missiles targeted against Western Europe will be discussed and resolved in a manner not to their liking. They are, in addition, apprehensive about the implications of SALT for US strategic policy and the US nuclear guarantee. Many in Western Europe are already convinced that the wider interests of the US—vis-à-vis the USSR and other areas of the world—will inevitably lead it to neglect the interest of its European allies and that a growing preoccupation with its own security will move the US away from its commitment to retaliate against Soviet aggression in Europe.

65. *Conference on Security and Cooperation in Europe.* The Soviets are convinced that a grand East-West conference on European security (and no less so the various preliminary stages which are likely to lead up to it) will help them to sustain the momentum of détente. The Russians believe that this conference and its preliminaries offer an especially promising way to try to exploit Western desires for amity and to manage and coordinate the policies of the East European participants. Despite the presence of the US and Canada, they will hope that the CSCE will encourage West European movement away from the Atlantic Alliance and will nourish the seedlings of US-West European discord. More specifically, they hope to establish permanent pan-European bodies which might serve in the West as counterattractions to NATO (and the EC as well) and which might provide Moscow with the institutional means to interfere in and influence West European affairs. And in general, the very convocation of a CSCE is to serve as a broad sanctioning of the status quo in Eastern Europe and further recognition of the division of Germany.

66. *The China Problem.* The three-sided relationship between the USSR, the US, and China complicates Soviet objectives and twists Soviet policies. There is no way to measure the impact of Moscow's long struggle with China on particular Soviet positions, but it has unquestionably been one of the factors encouraging the Soviets to move toward détente in their relations with both Western Europe and the US. It has forced Moscow to proceed along various carefully chosen ways to head off the bleakest of all prospects for the Kremlin, the combination against the USSR of the other two powers.

VI. THE GENERAL SHAPE OF FUTURE SOVIET POLICY

67. Though still partly formed and misformed by an omniscient doctrine, the USSR's policies in Europe, like its policies world-wide, are primarily the creatures of Soviet national interests, as pragmatically perceived by the leaders of the Soviet Communist Party. The Soviets are certainly well aware of the many problems their policies face in the two parts of Europe. They understand that their present objectives in Western Europe will for some time require them to remain mostly on their good behavior; they are persuaded (and not unreasonably so) that they cannot expect to achieve these objectives unless the Soviet position in Eastern Europe is secure; and they no doubt unhappily recognize—despite the contrary implications of official ideology—that events could conspire to frustrate their plans in the West and to shake their security in the East.

68. Yet the mood of the Soviet leaders is at this time fairly confident. The Kremlin is of course troubled by recent developments in Egypt, is chronically concerned about the problem of China, and is sometimes put off and puzzled by turns in the policies of the US. It is also quite apprehensive about the current

harvest and shortcomings in Soviet agriculture. But cares and concerns such as these do not seem to outweigh the sense of relative well-being induced by the leadership's conviction that the USSR has finally arrived as a superpower and is entitled throughout the world—Europe of course included—to all the rights and privileges that estate is thought to endow.

69. The Brezhnev leadership does not, however, show any inclination to rush heedlessly into foreign adventures or to fling challenges at its principal adversaries. At the same time, its growing self-confidence does not guarantee skillful handling of all its problems or the farsighted adjustment of its major policies. The leadership can be guilty of heavy-handed behavior, as was apparently the case in Egypt; it can respond strongly and emotionally to international criticism of its actions, as it recently did in response to the West European outcry against political trials in Czechoslovakia, and as it does regularly in response to one or another jibe from Peking; and it can cling tightly to seemingly self-defeating or outworn positions, as it has, for example, vis-à-vis Japan. The Soviet state rests on the world's most elaborate bureaucratic structure; it is perhaps small wonder then that Soviet policies, even in their present forward phase, only infrequently reveal a capacity for rapid movement.

70. The détente approach to Europe (and indeed to the US) seems in these general circumstances likely to persist for quite some time as Moscow's perferred policy. The reasons which persuaded the present leadership to move in this direction—and Khrushchev tried in his own fashion to go roughly the same way a decade or so ago—do not seem of themselves to be highly perishable (though, as stressed elsewhere in this paper, they can certainly be spoiled by external circumstances). The Russians will surely encounter individual setbacks, but they will continue to see opportunities in Western Europe which will look more susceptible to a soft Soviet sell than a hard. Even should the CDU return to power in Bonn and modify Ostpolitik in important ways, the Soviets—perhaps after an initial period of recrimination and confusion—are more likely to try to win the new government over than to return to ways which would tend to confirm the CDU's deep suspicions of Russian intentions.

71. Both the West Europeans and the Americans will in all probability continue to disappoint Soviet hopes concerning the speed and scope of any decline in the US role in Europe. For all their unhappiness and concern, and despite likely economic friction between the EC and the US, the West European members of NATO will almost certainly wish to maintain the partnership and will continue to rely on US strategic power as the ultimate guarantor of West European security. At the same time, the EC will almost certainly remain an important West European force and one which will confront the USSR (and others) with considerable economic power.

72. The obstacles to rapid or enduring Soviet gains thus are formidable. Yet there is likely to be enough motion during the next two or three years in the general area of East-West rapprochement and US-European discord—both perhaps stimulated in part by the CSCE process and MBFR negotiations—to provide the Russians with adequate reasons for pressing ahead vigorously with an adaptive, but recognizable, policy of détente.

CENTRAL INTELLIGENCE AGENCY

DISSEMINATION NOTICE

1. This document was disseminated by the Central Intelligence Agency. This copy is for the information and use of the recipient and of persons under his jurisdiction on a need-to-know basis. Additional essential dissemination may be authorized by the following officials within their respective departments:

a. Director of Intelligence and Research, for the Department of State
b. Director, Defense Intelligence Agency, for the Office of the Secretary of Defense and the organization of the Joint Chiefs of Staff
c. Assistant Chief of Staff for Intelligence, Department of the Army, for the Department of the Army
d. Director of Naval Intelligence, for the Department of the Navy
e. Assistant Chief of Staff, Intelligence, USAF, for the Department of the Air Force
f. Director, Division of International Security Affairs, AEC, for the Atomic Energy Commission
g. Assistant Director, FBI, for the Federal Bureau of Investigation
h. Director of NSA, for the National Security Agency
i. Special Assistant to the Secretary of the Treasury, for the Department of the Treasury
j. Director of Central Reference Service, CIA, for any other Department or Agency

2. This document may be retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Central Reference Service, CIA.

3. When this document is disseminated overseas, the overseas recipients may retain it for a period not in excess of one year. At the end of this period, the document should either be destroyed, returned to the forwarding agency, or permission should be requested of the forwarding agency to retain it in accordance with IAC-D-69/2, 22 June 1953.

4. The title of this document when used separately from the text should be classified: [redacted]

DISTRIBUTION:
White House
National Security Council
Department of State
Department of Defense
Atomic Energy Commission
Federal Bureau of Investigation
Department of the Treasury